



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

JSF Members CSR Report 2016

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Jordan Strategy Forum (JSF) is a non-for-profit organization, which represents a group of Jordanian private sector companies that are proactively engaged in promoting Jordan's economic growth. JSF's members are active private sector institutions, who play an integral role in public dialogue over economic and social issues. The Jordan Strategy Forum promotes a strong Jordanian Private Sector that is profitable, employs Jordanians, pays taxes, active in Corporate Social Responsibility (CSR) and supports comprehensive economic growth in Jordan.

JSF also offers a unique opportunity for its members to engage in evidence-based debate with the public sector and links them with decision-makers, in order to increase awareness, strengthen the future of the Jordanian economy, apply best practices and encourage private sector involvement in the decision-making process.

For more information about Jordan Strategy Forum, please visit our website at www.jsf.org or contact us via email at info@jsf.org.

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Special thanks goes out to Mr. Riad Katkhoda for helping JSF prepare the survey, analyze the results, and compile the report.

Thank you.

The JSF Team.

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1. Introduction

In recent decades, the global adoption of Corporate Social Responsibility (CSR) practices by companies has aided in their survival and sustenance in a ruthless market environment that is relentlessly tormented by increased competition and ever-changing consumer preferences. These factors, combined with an increased demand from the public for the importance of good 'corporate citizens', have resulted in CSR taking center stage in terms of the strategic planning of companies' long term visions. The objective of a company's CSR revolves around support of its core business objectives through the active pursuit of responsible social, environmental, and economic practices.

The landscape of Corporate Social Responsibility in Jordan differs slightly from the description mentioned above. As evident by a JSF study conducted in 2014 coupled with reviewing most of the annual CSR reports of our top spenders, it can be shown that Jordanian companies often misinterpret CSR with corporate philanthropy. This trend has gained popularity within the private sector for its easy implementation and comprehensiveness. By which, companies donate funds (or time) towards causes which they see as integral to the socio-economic and environmental development of the country.

CSR, however, should not be synonymous to philanthropy, but should instead incorporate philanthropy as a pillar within its strategy. This way, CSR can be an effective means of designing a concept of sustainable development by integrating the economic, social, and environmental impacts into a company's daily operations in efforts to generate an overall positive impact on society while generating additional business (profit).

This paper is intended to highlight key findings of a survey conducted for our members in efforts to map the current trends within the CSR sphere in terms of the participating private sector. The main objectives of the survey are:

- Map the current CSR landscape
- Identify trends and gaps within the CSR initiatives of our members in hopes to better develop sustainable CSR strategies
- Develop and identify a JSF-CSR initiative in collaboration with our fellow members that adheres to our core business objectives while simultaneously meeting the members CSR objectives.

The survey has been filled by 48% of the members (32 of 66). Below are the key findings. The list of responding companies is found in Annex C, p. 23 of this report.

2. Data Collection and Analysis

The survey was designed to assess the functionality of our members' current CSR practices in efforts to identify gaps in our current CSR landscape. To better understand this functionality certain question themes needed to be highlighted. These include questions that pertained to spending habits, thematics, reporting and tracking, placement of CSR within the organizational structure etc. The survey also included questions pertaining to the barriers that discourage the investment into CSR as well as the incentives that encourage CSR initiatives in efforts to find the gaps to build a proper sustainable CSR framework for our members.

3. Key Findings

The following section is intended to highlight the key findings from the survey conducted. The questionnaire design is found in Appendix B of this report. The findings are sub divided into categories based on the theme of questions answered.

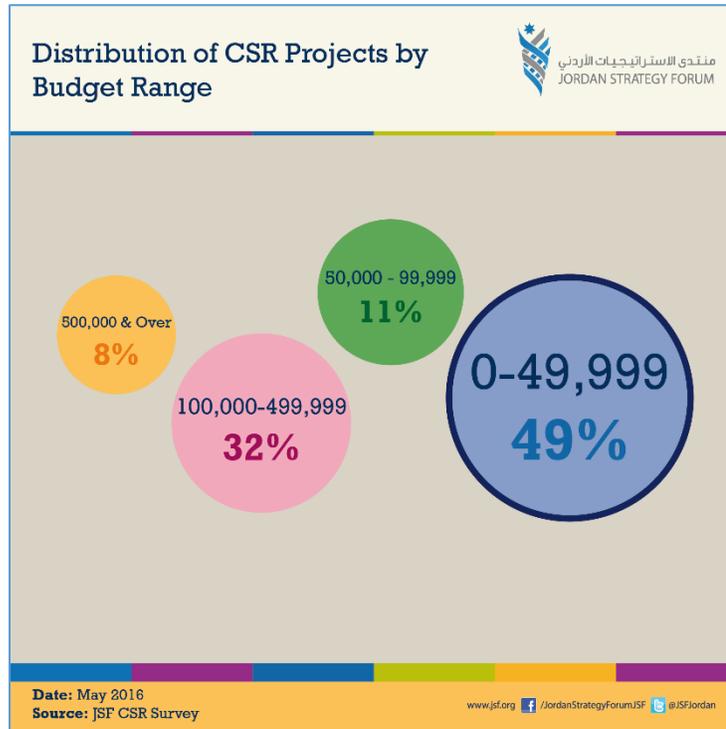
A. The Organizational Structure and Participation

- Familiarity with the concept of CSR is widely evident among all JSF members. With 68.75% of the participants stating that they actively participate in their companies CSR activities.
- CSR activities within our member's organizational structure are mainly managed through a top-down management approach, were 72% are organized through the CEO/Strategic level, followed by 60% on an Executive level (Upper management). Only 41% employ a bottom-up approach.
- Furthermore, when it came to the departmental structure only 12.50% of our members have an autonomous sustainability department. The most common department within which CSR is situated in is corporate relations (46.88%) followed by marketing (40.63%). This can be attributed to the fact that most companies believe that CSR is a tool to promote the corporate image hence the attachment to CR/Marketing (as evident by the 2014 CSR-JSF study, as well as the current survey conducted were a weighted average of 3.79/5 has been placed on the promotion of corporate image as an incentive to implement in CSR practices).

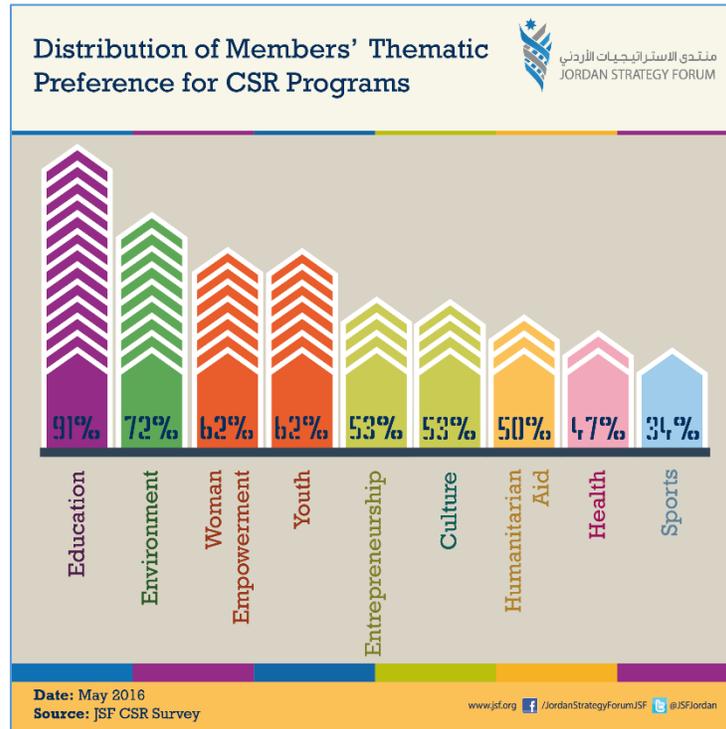
Please note that participants were given the option to check all that applies when it came to answering the questions involved in the organizational structure and participation.

B. Scope, budget and spending habits

- Total range of 2015 **CSR budget** for our members:



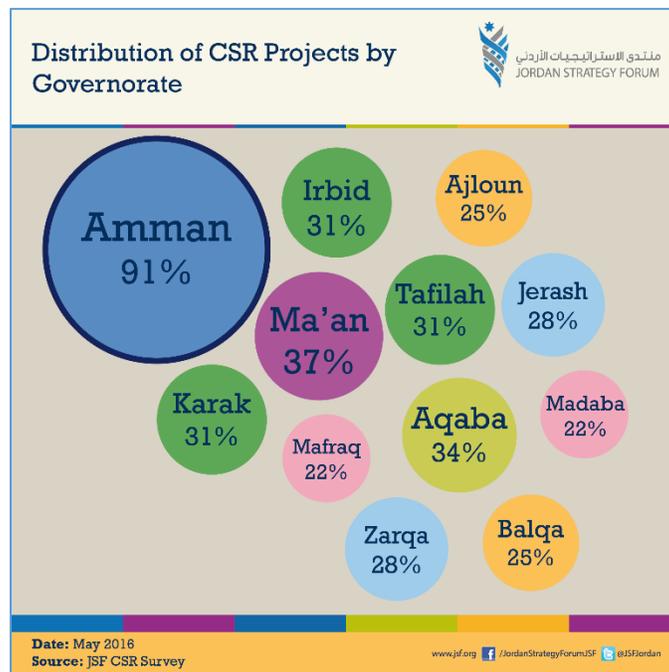
- The **thematic landscape** of our members' preferences CSR programs ranked per popularity:



- Top spending for 2015's **CSR budget by theme**:



- From the tables presented above, it is worth noting that woman empowerment; a theme that 62.50% of our members concur with as being in their CSR mandate receives the largest share of the CSR budget by 1 member only (3.13%). Similarly, an even more common theme (Environment) recognized by 71.88% of the members receives the largest share of the budget by 2 members only (6.25%).
- Humanitarian aid receives the most funding from participating members from the 2015 budget at 25%. This further supports the statement that CSR is considered by many as corporate philanthropy. Humanitarian aid can take various forms from cash contributions to food donations etc. It is extremely important to try and funnel these donations into more sustainable practices to aid in education, labor market participation etc.
- Delving deeper into the spending habits of the CSR contributions. 81.25% of our participants utilize the form of cash contributions as the main source of contributing towards CSR initiatives. This is particularly interesting as it links directly with the number one barrier that the members highlighted as being a roadblock to expanding CSR initiatives and that is the lack of time being spent on CSR initiatives.
- As for the geographic representation of the CSR efforts taking place by our members. It can be seen that Amman was chosen as the most governorate to which CSR projects are taking place with 90.63%, followed by Ma'an 37.50% and Aqaba 34.38%.



C. Environment

- With regards to environmental sustainability, 84.38% of participants have participated in energy saving techniques pertaining to their business. Waste recycling and water conservation follow suit with more than 56% of members participating in such activities.
- Keeping in mind, the definition of CSR highlighted in the introduction, it is imperative to note that only 28% of participants engage in developing environmental friendly products. Developing such products can be considered as a key element in maintaining a sustainable business practice. Not only does it provide benefit to both the consumer and the organization, but maintains a good “corporate citizen” status that further promotes the corporate image.
- 18.75% of our members have adopted other measures in reducing environmental impacts. By viewing these responses, it can be seen that most of these activities are sustainable and have a long term effect. Some examples range from building dams, tree planting, and paper recycling.

D. Incentives encouraging CSR practices

- When asked about incentives to encourage CSR practices the biggest to influence CSR activities (with a weighted average of 4.47/5) for our members was the ethical motivation of top management. Having the top management on board to influence a change within the organization is key in changing the culture within the organization. Thus educating senior management on the importance of CSR and the correct way of mapping out CSR practices can lead to a growth in CSR projects within a company and encourage employees to participate in such activities.
- A weighted average of 3.79/5 showed “promoting corporate image” as an important factor that affected the involvement of companies with CSR practices. The corporate image here can take various forms; sponsorship and cash donations seem to be the most favorable between private companies in Jordan as it is the easiest and most forward way to show support. However, these practices are not sustainable. Building a sustainable brand identity for the company for which the corporate image is reshaped based on CSR activities provides a better framework and a long term vision to be the differentiating factor within the industry the organization is working in.
- Free/subsidized counseling was the third ranked incentive for CSR practices growing within the private sector. The importance of educating our members

on best practices when it comes to CSR is crucial in developing a functional CSR model.

E. Reporting/framework

- 81.25% of participants say that they are able to tie their CSR practices to their core business objectives. However, after reviewing these business objectives (Keeping in mind that only 53% (17 out of 32) have filled these objectives) It becomes apparent that most of the objectives are CSR objectives rather than core business objectives. Few of the participants (mainly the top spenders) have a proper framework that stems from business objectives.
- Tracking and reporting CSR initiatives is a key element in determining its success while ensuring a track record to promote corporate image. Unfortunately, only 40.63% of our members currently record their CSR impact; Only when companies measure their social and environmental impact will we have socially and environmentally responsible organizations.
- With a weighted average of (3.32/5). Member companies complained about the lack of specific rules and legislation on CSR practices. However, there is no formal act of legislation governing CSR practices in Jordan. Most widely adopted form of international standards being used by global firms are the ISO 26000 and TBL (Triple Bottom Line). Other global reporting mechanisms include Global Reporting Initiative and the UN Global Compact.

F. Issues facing CSR

- The number one concern when it comes to problems facing the development of CSR practices is the lack of time; as mentioned earlier this can be attributed to a couple of factors; Management and the positioning within the organizational structure.
- Furthermore, the lack of time can be attributed to CSR management being run at an Executive/CEO level. Hence, due to the other pertinent tasks involved in the wellbeing and growth of an organization little time is left to deal with proper CSR initiatives and developing the right framework for it to be sustainable. Thus the easiest way to move forward is through cash contributions. This is particularly an issue for small to medium size members as they do not have the human capital capabilities to have a separate team/individual to deal with CSR activities and thus such tasks fall on the CEO.
- Lack of funds to cover high implementation costs (3.26/5) was another factor that hindered CSR practices. This is a cause of concern for small to medium

members and thus our recommendation to have a collaborative CSR project can assist such members in participating in a CSR initiative while maintaining low implementation costs.

- Lack of CSR oriented graduates in the labor market is another cause of concern for our members with a weighted average of (3.16/5). Furthermore, 40.54% consider capacity building for human capital in CSR matters a major obstacle in forming CSR initiatives.

G. JSF CSR Project



4. Recommendations:

- Stemming from our business objectives to establish a successful private sector that is responsible and dedicated to achieving profitability, employing Jordanians, and supporting economic growth through good governance and Corporate Social Responsibility. JSF should organize workshops for its members aimed at:
 - **Educating executive management on the importance of CSR practices** as well as encourage them to support such practices within their organization to create more awareness as well as encourage employees to actively participate and refine the CSR activities.
 - **Educating members on the importance of aligning CSR efforts with core business objectives;** as this results in a win-win situation for the business. Not only would it help in the promotion of the corporate image (highlighted as an important reason for designing CSR initiatives) but will also help in the promotion of the products and services of the company through sustainable business practices.
 - **Promoting sustainable business practices;** bridging the socio-economic as well as the environmental gaps that exist within the different industries and lines of business. Workshops should be also directed to discussing sustainable business practices of member companies.
- To better position CSR initiatives and in efforts to tie the CSR practices with core business objectives, a separate sustainability department should be implemented (at least for large corporations) to better achieve a more structured framework. Having a separate sustainability department that is autonomous will allow for a better functioning unit to aid in solving issues highlighted by our members that include: lack of time, lack of human resources, lack of ideas ect.
- Create a collaborative CSR project headed by the JSF with willing participating members. The project should aim to integrate socio-economic and environmental development of Jordan. Refer to Appendix (A) for a potential collaborative project.
- There needs to be a framework for impact assessment within companies for any project listed as a CSR project. As only 40.63% of our members assess the impact of the CSR projects funded. Tracking the social/environmental/economic impact could be a way to enhance the company's/corporation's image. Keeping in mind that when asked 'what incentives would encourage your company to implement/expand CSR

practices?' 50% of our members rated 'promoting corporate image' with the highest importance, making the option the second most important from the six listed.

- It has been evident from the survey that our members spend most of their CSR budget on humanitarian aid. Humanitarian Aid often entails unsustainable practices that benefit the stakeholders for a limited amount of time, such as the donation of food cartons, clothing, appliances ect. Hence, JSF recommends that, instead of delving into such practices to help those in need, a shift in the framework of these donations can be aimed at the creation of projects that are sustainable to have long term benefits for the targeted stakeholders . An example could be the promotion of projects aimed at creating job opportunities for the less fortunate.
- 90.63% of our members have CSR projects in Amman and this is problematic because Jordan is bigger than just the capital. Other governorates have a higher percentage per-capita of unemployment rates, low participation of women in the workforce, health care issues, environmental problems etc. Thus a higher percentage of CSR initiatives should be targeted towards the other governorates, rather than the capital.
- As seen in the results, 62.5% of our members are willing to spend their CSR budget on women empowerment, but the actual results showed that only one member has prioritized the spending of the CSR budget on projects that empower women. The lack of women empowerment in Jordan is a very critical issue. Although promoting women in the workforce is just one factor under the umbrella of women empowerment, it should be noted that Jordan is now one of the top three countries with the least number of women in the workforce. According to World Bank Data from 2015, Jordanian women in the workforce make up only 16% of all women capable of working. Assuming that women's percentage continue to increase to that of men, which is 64% in Jordan, Jordan's GDP would increase by 11 billion Dollars (according to another study conducted by the JSF). That being said, CSR projects should keep these numbers in mind and seek to fund projects targeting women empowerment as this will result in economic growth and aid in the lowering of the countries deficit.

Annex (A): JSF Potential CSR Framework

This appendix is intended to highlight the potential framework to which the JSF CSR project will be built upon. The project will take into account the following objectives based on the key findings highlighted above:

- An initiative that stems from JSF's objectives
- An initiative in collaboration with our fellow members that adheres to their CSR objectives.
- An initiative that takes into account the active pursuit of responsible social, environmental, and economic practices.
- An initiative that caters to one or more of the thematic highlighted in the survey. i.e women empowerment, environment, education ect.
- An initiative that is properly tracked and reported. To ensure compliance with the objectives as well as to measure progress.

Using the framework presented above, and taking into account the current JSF core objective "Apply ideal economic concepts and practices and encourage optimal use of domestic resources." We can begin to formulate an idea that focuses on the thematic highlighted in the survey. Specifically: women empowerment and the environment.

All of our members engage in environmental conscious practices. Larger organizations tend to have a more mature scope in tackling environmental issues while medium to small members might find it harder to delve into such practices. This sparked the idea of working on an environmental conscious project where all members can take part in and will benefit all members equally while having a social, economic, and environmental impact.

Women empowerment is an issue that needs to take center stage in all future JSF-CSR initiatives as the recent data on the participation of women in the workforce is a cause of major concern (for elaboration please revert back to the research done by the JSF on women participation in the workforce, or the recent World Bank report).

Annex (B): Questionnaire Design

Which of the following best describes the industry sector your company is operating?[Please check any that apply to your company]

- Finance, securities and insurances
- Food and consumer packaged goods
- Textiles and clothing
- Utilities, oil or gas
- Life Sciences and pharmaceutical manufacturing
- Wholesale trade
- Industrial manufacturing
- Transportation and transportation services
- Automotive
- High tech and consumer electronics
- Construction and building materials
- Telecommunication
- Retail
- Tourism
- Other please specify

How familiar are you with the concept of Corporate Social Responsibility (CSR)

- I have never heard of it before taking this survey.
- I've heard of the concept, but don't really know what it is.
- I know what it is and could explain its importance to someone else.
- I am interested in CSR and actively participate in my company's CSR activities.

Please select all the applicable themes that your company associates with its Corporate Social Responsibility programs:

- Culture
- Education

- Environment
- Entrepreneurship
- Health
- Humanitarian Aid
- Sports
- Women Empowerment
- Youth
- Other (Please Specify)

At what level are the CSR activities organized in your company? (Please check all that apply.)

- Strategic / CEO
- Executive
- Employee (bottom-up)
- Other (please specify)

At what department are these activities executed? (Please check all that apply.)

- Accounting
- Marketing
- Corporate Relations
- Sustainability
- Quality Assurance and Human Resources
- No Specific Department
- Outsourced (Please Specify)

Can you tie your CSR programs back to core business objectives?

- Yes
- No

What are these core business objectives (Please state a minimum of three)?

In which of the following governorates are your CSR efforts taking place?

- Irbid
- Ajloun
- Jerash
- Mafraq
- Balqa
- Amman
- Zarqa
- Madaba
- Karak
- Tafilah
- Ma'an
- Aqaba

Which of the following measures has your company adopted to reduce environmental impact?

- Energy saving.
- Waste recycling.

- Develop of environmental friendly product.
- Management of environmental system.
- Use of renewable resources.
- Water reduction.
- Other please specify

Which are concrete actions towards community in which your company operate?

- Cash contributions (direct donations, social sponsorship etc)
- Time (employee volunteering during paid working hours, etc)
- In-kind (donations of product, contributions of used office equipment or furniture, use of company premises for community events, or other services)
- Management overheads (community affairs staff salaries, running costs & overheads, communicating the community programme to relevant audiences.)
- Other please specify

What incentives would encourage your company to implement/expand CSR practices?

Please check any that apply in order of **IMPORTANCE:**
from 1(lower) to 5 (higher) importance

	1	2	3	4	5
Government incentives (e.g. financial, ...)	<input type="radio"/>				
Ethical motivation of top management	<input type="radio"/>				
Promote corporate image	<input type="radio"/>				
Free/subsidized counseling/training on CSR practices	<input type="radio"/>				
Award schemes	<input type="radio"/>				
Availability of graduates with CSR Understandings.	<input type="radio"/>				
Other	<input type="radio"/>				

Please rate the impact of the following problems to the development of initiatives in the field of CSR in your company?

Please check any that apply in order of IMPORTANCE: from 1(lower) to 5 (higher) importance

	1	2	3	4	5
Lack of knowledge and corporate skill	<input type="radio"/>				
Lack of government support	<input type="radio"/>				
Lack of human resources	<input type="radio"/>				
Lack of CSR oriented graduates in the labor market	<input type="radio"/>				
Lack of specific rules and legislations on CSR	<input type="radio"/>				
No business benefits expected from CSR	<input type="radio"/>				
Lack of funds to cover the high implementation cost	<input type="radio"/>				
Little impact on social and environmental business	<input type="radio"/>				
Lack of employees' motivation	<input type="radio"/>				
Unavailability of technology	<input type="radio"/>				
Lack of Ideas	<input type="radio"/>				
Lack of time	<input type="radio"/>				

Other

Are you keeping a record of tracking, measuring and reporting your CSR impact?

- Yes
- No

If yes, please provide a link in the space provided

Is capacity building for your human capital a main cause of concern with regards to CSR Initiatives?

- Yes
- No

Within what range was your CSR budget for 2015 (in Jordanian Dinars) ?

- 0-49,999
- 50,000-99,999
- 100,000-499,999
- 500,000 and over

What was the specific budget for CSR initiatives in 2015?

Which of the following fields did your company spend most of the CSR budget for 2015 on?

- Culture
- Environment
- Education
- Entrepreneurship
- Health
- Humanitarian Aid
- Sports
- Woman Empowerment

- Youth
- Other (please specify)

Do you deal with government entities or civil society institutions to implement CSR projects?

- Yes
- No

If yes , kindly list them in the space provided:

If JSF plans a CSR initiative that goes in line with your business and CSR objectives for the purpose of leveraging the CSR efforts of our members, would that be an initiative your company would participate in?

- Yes
- No

Annex (C): List of Respondents from JSF Members

The survey has been disseminated amongst JSF Member companies (totaling 66 firms), out of which 32 responded. Below are the names of companies that participated in the survey:

1. Al Khalidi Hospital
2. Alayyan Group
3. Arab Bank
4. Arab Potash Co.
5. Arabtech Jardaneh
6. Aramex
7. ASTRACO
8. Bank Al-Etihad
9. CCE
10. City Spark Energy
11. Dot.jo
12. Hammouri & Partners Law
13. Home Pillars
14. INTEGRATED
15. Islamic International Arab Bank
16. ITG
17. Jordan Ahli Bank
18. Jordan Chalk Co.
19. Jordan Dubai Islamic Bank
20. Kawar Group
21. Maani Ventures
22. Masar united
23. Nabulsi & Amad
24. NatHealth
25. Nuqul Group
26. Orange
27. PwC
28. Said Murad & Co.
29. Sanad Law
30. Standard Chartered Bank
31. STS
32. The Housing Bank



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